

Exterior, Inc. (B)¹

Rather than deciding based on his own gut-feel or the hunch of his strategy team, Mike Montgomery, consulted a team of professors from a leading business school in Texas. On their advice, Exterior Inc., (EINC) undertook a customer-research study to identify critical drivers of customer value. “We need to hear the voice of the customer,” agreed Mike Montgomery with his professor. A two-step approach was used.

In the first step, the research team conducted a focus group of contractors to understand their decision process, and attributes that drove their overall satisfaction.

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to increase product breadth. The incremental sales from increasing satisfaction with speed of installation was 13%, while requiring a cost outlay of \$11 million nationally.

An additional analysis showed increasing satisfaction with a pricing strategy (through a 10% price reduction) would increase sales by 24%, but reduce gross margins by 5%.

Table 1. Attribute Survey Results (2014)

Attribute	Impact on Satisfaction	Relative Impact
Competitive Price	18%	18%
No-defect installation	27%	27%
Speed of installation	40%	40%
Product aesthetics	13%	13%
Life expectancy	2%	2%

Figure 1. Relative Impact of An Attribute in Driving Overall Satisfaction

